STATE OF ARIZONA FILED

JUN 25 2013

STATE OF ARIZONA

DEPT OF HYSHRANCE BY

DEPARTMENT OF INSURANCE

In the Matter of:

Docket No. 13A-069-INS

ALPHA PROPERTY & CASUALTY INSURANCE COMPANY,

CONSENT ORDER

NAIC # 38156.

Respondent,

Examiners for the Department of Insurance (the "Department") conducted a target market conduct examination of Alpha Property & Casualty Insurance Company ("APC"). In the Report of Target Market Conduct Examination of the Market Conduct Affairs of Alpha Property & Casualty Insurance Company, the examiners allege that APC violated A.R.S. §§20-385, 20-461, 20-462, 20-2106, 20-2110 and A.A.C. R20-6-801.

Alpha Property & Casualty Insurance Company wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

- 1. Alpha Property & Casualty Insurance Company is authorized to transact property and casualty insurance pursuant to a Certificate of Authority issued by the Director.
- 2. The Director authorized the examiners to conduct a target market conduct examination of Alpha Property & Casualty Insurance Company. The examination covered the time period from January 1, 2011 through June 30, 2012 and concluded on April 8, 2013. Based on their findings, the examiners prepared the "Report of Target Market Conduct Examination of Alpha Property & Casualty Insurance Company" dated June 30, 2012.

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- 3. The examiners reviewed 100 new / renewal private passenger automobile and 100 surcharged policies issued during the time frame of the examination and found that APC failed to apply filed rates to policies issued between April 7, 2012 and November 27, 2012.
- 4. The examiners reviewed 1 of 1 private passenger automobile policies non-renewed and 15 of 15 private passenger automobile policies cancelled for underwriting reasons during the time frame of the examination and found that APC failed to provide a compliant Summary of Rights to all 16 policyholders.
- 5. The examiners found two underwriting authorization disclosure forms used during the time frame of the examination that failed to specify that the authorization remains valid for one year from the date the authorization on the application is signed and advise the individual or a person authorized to act on behalf of the individual that they are entitled to receive a copy of the authorization form. (see Exhibit A)
- 6. The examiners found two claim authorization disclosure forms used during the time frame of the examination that failed to specify that the authorization remains valid for no longer than the duration of the claim and advise the individual or a person authorized to act on behalf of the individual that they are entitled to receive a copy of the authorization form. (see Exhibit B)
- 7. The examiners reviewed 36 of 130 private passenger automobile total loss claims processed by the Company during the time frame of the examination and found that APC failed to correctly calculate and fully pay appropriate tax, license registration and/or air quality fees payable in the settlement of 29 total losses.
- 8. The examiners reviewed 186 of 1,140 private passenger automobile claim files settled during the time frame of the examination and found 7 subrogation, 6

2	this _ _{25th} day of, 2013, to Germaine L. Marks Director of Insurance
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١	Director of Insurance
4	Mary Butterfield
5	Assistant Director
	Consumer Affairs Division Helene I. Tomme
6	Market Examinations Supervisor
7	Market Oversight Division Dean Ehler
8	Assistant Director
9.	Property and Casualty Division Kurt Regner
10	Assistant Director Financial Affairs Division
	David Lee
11	Chief Financial Examiner
12	Alexandra Shafer Assistant Director
13	Life and Health Division
14	Chuck Gregory Special Agent Supervisor
15	Investigations Division
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17	Phoenix, AZ 85018
18	
19	Angelo Marchese
20	Director of Compliance Kemper Specialty
21	8360 LBJ Freeway, Suite 400
22	Dallas, TX 75243
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24	Curvey Duston

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EXHIBIT A

Underwriting Authorization Disclosure

These forms fail to comply with A.R.S. § 20-2106(7)(b) and (9).

The following table summarizes these authorization form findings.

Form Description / Title	Form #	Statute Provision
Arizona Automobile Insurance Application	U-815 (08/04)	7(b) and 9
Arizona Automobile Insurance Application	U-815 (04/12)	7(b) and 9

EXHIBIT B

Claim Authorization Disclosure

These forms fail to comply with A.R.S. § 20-2106(8)(b) and (9).

The following table summarizes these authorization form findings.

Form Description / Title	Form #	Statute Provision
Authorization For Release of Information	Unknown	8(b) and 9
Authorization For Release of Information And Inspection of Loss	Unknown	8(b) and 9